

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
02-023

2. STATE:
Minnesota

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2002

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION
42 CFR §447.252

7. FEDERAL BUDGET IMPACT:
a. FFY '02 \$1,031
b. FFY '03 \$5,906

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 4.19-D (NF), pp. 1-159

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Att. 4.19-D (NF), pp. 1-153

10. SUBJECT OF AMENDMENT:

Methods and Standards for Determining Payment Rates for Services Provided by Nursing Facilities (Not State Government-Owned or Operated)

11. GOVERNOR'S REVIEW (Check One):

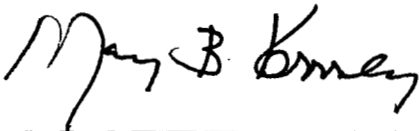
☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ OTHER, AS SPECIFIED:

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:



16. RETURN TO:

Stephanie Schwartz
Federal Relations Unit
Minnesota Department of Human Services
444 Lafayette Road No.
St. Paul, MN 55155-3852

13. TYPED NAME:

Mary B. Kennedy

14. TITLE:

Medicaid Director

15. DATE SUBMITTED:

September 27, 2002

RECEIVED

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: SEP 30 2002

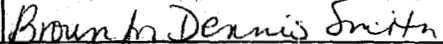
18. DATE APPROVED:

December 23, 2002

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2002

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

22. TITLE:

Memorandum

Date September 30, 2002

From Centers for Medicare and Medicaid Services
Region V Chicago

Subject Minnesota Medicaid State Plan #02-023

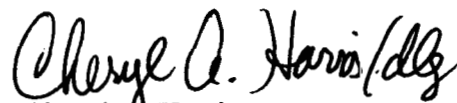
To National Institutional Reimbursement Team
Center for Medicaid and State Operations
ATTN: Mark Cooley

Refer to IIO2

In accordance with the Regional Office Manual instructions, we are attaching for your review the following NIRT material:

Minnesota State Plan Amendment #02-023

We received the material in the Regional Office on 9/30/02; therefore, the 90-day time frame for taking action will expire on 12/29/2002. Please provide your written comments on the attached material to this office. If you have any questions, please call Ms. Doris Ross at (312) 353-9843.



Cheryl A. Harris
Associate Regional Administrator
Division of Medicaid and Children's Health

Attachment

Appendix A – Beds/1000, by county, contiguous county groups

65+ Beds/1000

(Note: "Rank" – highest=1, lowest=87)

County	Region	2001	2000	2000	rank	Contiguous County Groups					rank
		beds	population	beds/1000		# counties	beds	Pop. 65+	beds/1000		
Aitkin	3	154	3,517	43.79	81	9	4,593	71,974	63.81	74	
Anoka	11	518	21,082	24.57	87	7	16,107	230,232	69.96	46	
Becker	4	407	4,918	82.76	31	8	2,651	32,298	82.08	22	
Beltrami	2	268	4,622	57.98	68	10	2,063	31,119	66.29	61	
Benton	7w	433	3,765	115.01	5	5	2,060	31,566	65.26	66	
Big Stone	6w	164	1,394	117.65	4	5	711	8,278	85.89	13	
Blue Earth	9	457	6,782	67.38	56	8	2,138	31,215	68.49	53	
Brown	9	364	4,720	77.12	38	7	2,076	26,276	79.01	31	
Carlton	3	329	4,784	68.77	54	4	2,890	44,562	64.85	68	
Carver	11	253	5,246	48.23	73	6	11,218	148,426	75.58	37	
Cass	5	494	4,899	100.84	15	9	2,630	44,756	58.76	82	
Chippewa	6w	205	2,615	78.39	34	6	1,582	18,528	85.38	16	
Chisago	7e	283	4,047	69.93	52	6	2,040	49,889	40.89	87	
Clay	4	414	6,597	62.76	63	5	2,148	25,077	85.66	14	
Clearwater	2	143	1,472	97.15	18	7	1,705	22,788	74.82	38	
Cook	3	47	887	52.99	71	2	241	3,098	77.79	32	
Cottonwood	8	259	2,689	96.32	20	8	2,025	25,083	80.73	24	
Crow Wing	5	423	9,410	44.95	79	5	1,717	26,382	65.08	67	
Dakota	11	1,093	26,246	41.64	83	7	17,235	241,996	71.22	41	
Dodge	10	146	2,146	68.03	55	7	3,083	46,808	65.86	64	
Douglas	4	449	5,889	76.24	41	7	2,626	40,915	64.18	70	
Faribault	9	271	3,599	75.30	43	5	1,709	23,639	72.30	40	
Fillmore	10	434	4,094	106.01	9	5	2,208	34,731	63.57	75	
Freeborn	10	463	6,156	75.21	44	6	1,705	26,702	63.85	73	
Goodhue	10	696	6,604	105.39	10	7	3,551	62,584	56.74	83	
Grant	4	172	1,442	119.28	3	7	2,122	24,546	86.45	12	
Hennepin	11	9,569	122,358	78.20	37	8	17,098	252,477	67.72	56	
Houston	10	242	3,159	76.61	40	3	1,221	13,792	88.53	11	
Hubbard	2	130	3,301	39.38	84	6	1,748	21,939	79.68	28	
Isanti	7e	312	3,392	91.98	23	7	2,152	42,808	50.27	86	
Itasca	3	367	7,387	49.68	72	6	3,717	55,276	67.24	60	
Jackson	8	200	2,308	86.66	29	6	1,308	17,110	76.45	36	
Kanabec	7e	80	2,114	37.84	85	6	1,339	20,659	64.81	69	
Kandiyohi	6e	482	6,153	78.34	36	7	2,255	35,161	64.13	71	
Kittson	1	148	1,141	129.71	2	3	402	5,077	79.18	29	
Koochiching	3	198	2,577	76.83	39	5	3,121	47,640	65.51	65	
Lac qui Parle	6w	192	1,875	102.40	12	5	934	10,368	90.08	6	
Lake	3	194	2,211	87.74	28	3	2,477	35,372	70.03	45	
Lake/Woods	2	52	780	66.67	57	4	687	10,034	68.47	54	
Le Sueur	9	215	3,581	60.04	67	7	2,080	30,895	67.32	57	
Lincoln	8	160	1,572	101.78	13	5	1,038	11,602	89.47	10	
Lyon	8	335	3,702	90.49	24	6	1,391	14,855	93.64	4	
Mahnomen	2	48	867	55.36	70	5	1,386	14,278	97.07	1	
Marshall	1	85	1,881	45.19	77	6	1,379	17,307	79.68	27	
Martin	9	323	4,336	74.49	45	6	1,678	21,920	76.55	35	
McLeod	6e	313	4,841	64.66	61	6	1,917	27,624	69.40	48	
Meeker	6e	329	3,699	88.94	27	6	2,511	40,670	61.74	76	
Mille Lacs	7e	339	3,602	94.11	21	8	2,497	35,338	70.66	44	
Morrison	5	307	4,954	61.97	66	7	2,709	45,230	59.89	81	
Mower	10	349	7,547	46.24	75	6	2,311	37,823	61.10	77	
Murray	8	122	1,947	62.66	64	9	2,081	23,191	89.73	9	
Nicollet	9	145	3,225	44.96	78	6	1,678	24,231	69.25	49	

Cook	3	47	124	379.03	73	2	241	400	602.50	2
Cottonwood	8	259	529	489.60	42	8	2,025	4,220	479.86	46
Crow Wing	5	423	1,135	372.69	75	5	1,717	3,279	523.64	16
Dakota	11	1,093	2,902	376.64	74	7	17,235	33,859	509.02	23
Dodge	10	146	321	454.83	50	7	3,083	7,183	429.21	80
Douglas	4	449	921	487.51	43	7	2,626	5,867	447.59	68
Faribault	9	271	648	418.21	59	5	1,709	3,874	441.15	72
Fillmore	10	434	680	638.24	10	5	2,208	5,459	404.47	85
Freeborn	10	463	934	495.72	41	6	1,705	4,132	412.63	84
Goodhue	10	696	1,109	627.59	11	7	3,551	8,470	419.24	83
Grant	4	172	256	671.88	6	7	2,122	4,006	529.71	12
Hennepin	11	9,569	17,679	541.26	25	8	17,098	34,425	496.67	33
Houston	10	242	522	463.60	48	3	1,221	2,288	533.65	11
Hubbard	2	130	358	363.13	78	6	1,748	2,879	607.16	1
Isanti	7e	312	560	557.14	23	7	2,152	4,904	438.83	74
Itasca	3	367	899	408.23	64	6	3,717	7,675	484.30	44
Jackson	8	200	386	518.13	30	6	1,308	2,915	448.71	67
Kanabec	7e	80	222	360.36	79	6	1,339	2,744	487.97	40
Kandiyohi	6e	482	930	518.28	29	7	2,255	5,140	438.72	75
Kittson	1	148	223	663.68	7	3	402	807	498.14	31
Koochiching	3	198	339	584.07	19	5	3,121	6,883	453.44	64
Lac qui Parle	6w	192	366	524.59	27	5	934	1,872	498.93	29
Lake	3	194	276	702.90	4	3	2,477	5,298	467.53	56
Lake/Woods	2	52	101	514.85	33	4	687	1,441	476.75	47
Le Sueur	9	215	515	417.48	61	7	2,080	4,557	456.44	62
Lincoln	8	160	288	555.56	24	5	1,038	2,059	504.13	26
Lyon	8	335	652	513.80	34	6	1,391	2,650	524.91	15
Mahnomen	2	48	150	320.00	83	5	1,386	2,315	598.70	3
Marshall	1	85	229	371.18	76	6	1,379	2,801	492.32	38
Martin	9	323	729	443.07	52	6	1,678	3,779	444.03	71
McLeod	6e	313	719	435.33	54	6	1,917	4,086	469.16	52
Meeker	6e	329	638	515.67	32	6	2,511	5,640	445.21	70
Mille Lacs	7e	339	546	620.88	12	8	2,497	4,958	503.63	28
Morrison	5	307	705	435.46	53	7	2,709	5,866	461.81	60
Mower	10	349	1,151	303.21	86	6	2,311	5,753	401.70	86
Murray	8	122	299	408.03	65	9	2,081	4,076	510.55	21
Nicollet	9	145	441	328.80	82	6	1,678	3,754	446.99	69
Nobles	8	236	617	382.50	72	6	1,233	2,545	484.48	42
Norman	1	236	244	967.21	2	5	1,657	3,091	536.07	9
Olmsted	10	638	2,020	315.84	84	7	2,995	6,837	438.06	76
Otter Tail	4	967	1,730	558.96	22	8	3,020	5,792	521.41	18
Pennington	1	157	367	427.79	57	6	1,263	2,601	485.58	41
Pine	7e	171	466	366.95	77	6	1,329	2,836	468.62	55
Pipestone	8	209	402	519.90	28	6	1,269	2,570	493.77	36
Polk	1	552	981	562.69	20	7	1,279	2,349	544.49	7
Pope	4	216	411	525.55	26	8	2,302	5,452	422.23	82
Ramsey	11	4,300	8,870	484.78	44	5	16,156	32,968	490.05	39
Red Lake	1	58	123	471.54	47	3	767	1,471	521.41	17
Redwood	8	353	591	597.29	16	7	1,975	3,761	525.13	14
Renville	6e	330	558	591.40	18	10	2,900	5,876	493.53	37
Rice	10	510	1,001	509.49	36	8	3,527	7,569	465.98	58
Rock	8	207	312	663.46	8	4	774	1,630	474.85	48
Roseau	1	169	355	476.06	45	5	722	1,554	464.61	59
St. Louis	3	2,236	4,898	456.51	49	6	3,478	7,444	467.22	57
Scott	11	391	643	608.09	15	7	12,198	23,861	511.21	20
Sherburne	7w	449	692	648.84	9	7	3,108	7,159	434.14	77
Sibley	9	167	394	423.86	58	7	1,814	3,997	453.84	63
Stearns	7w	532	1,745	304.87	85	10	3,903	8,328	468.66	54
Steele	10	281	647	434.31	55	7	2,640	5,594	471.93	50
Stevens	4	109	272	400.74	68	7	1,356	2,690	504.09	27

MEDICAL ASSISTANCE

Federal Budget Impact of Proposed State Plan Amendment TN 02-23 4.19-D (NF): Methods and Standards for Determining Payment Rates for Services Provided by Nursing Facilities (Not State Government-Owned or Operated)

Proposed TN 02-23 proposes the following changes to nursing facility (NF) payment methodology:

- §1.020, item G is amended to clarify that the July 1, 1998 changes in §11.048 apply only to the rate year beginning July 1, 1998. There is no budget impact.
- §8.010 is amended to clarify that it applied until July 1, 2001. As of July 1, 2001, the allocation of fringe benefits and payroll taxes was not performed, as the total operating rate from June 30, 2001 was adjusted as specified in §11.051.
- §8.020 is amended to clarify that it applied until July 1, 1999. As of that date, the base operating rate was the rate in effect as of June 30, 1999.
- §8.030 is amended to clarify that it applied until July 1, 1999. As of that date, the base operating rate was the rate in effect as of June 30, 1999.
- §11.040 is amended to clarify that it applied until July 1, 1999. As of that date, the adjusted prospective other operating cost payment rate was the rate in effect as of June 30, 1999.
- §11.049, item C is amended to clarify that the performance-based contracting payment system will be effective no earlier than July 1, 2004. Pursuant to Laws of Minnesota 2002, chapter 220, article 14, section 19 (amending Laws of Minnesota 2001, First Special Session, chapter 9, article 5, section 35). There is no budget impact.
- §11.050, item C is updated for the same reason §11.049, item C is updated. There is no budget impact.
- §11.052, new item E: Effective July 1, 2002, each facility paid pursuant to the prospective rate-setting methodology of Sections 1.000 through 20.000 will receive a per diem rate increase of \$1.25. Pursuant to Laws of Minnesota, chapter 220, article 14, section 10 and chapter 374, article 10, section 6 (amending Minnesota Statutes, §256B.431 by adding new subd. 37).
- §12.020 is amended to clarify that §§8.000-11.000 that applied only until July 1, 1999 (or July 1, 2001 -- see §8.010) still apply for interim and settle-up rates.
- §15.1371, item H, subitem (3) is amended to cite to the correct item (item I). Pursuant to Laws of Minnesota 2002, chapter 375, article 2, section 36 (amending Minnesota Statutes, §256B.431, subd. 14. There is no budget impact.

- §21.069, new item E: Effective July 1, 2002, each facility paid pursuant to the contractual rate-setting methodology will receive a per diem rate increase of \$1.25. Pursuant to Laws of Minnesota, chapter 220, article 14, section 10 and chapter 374, article 10, section 6 (amending Minnesota Statutes, §256B.431 by adding new subd. 37).
- §21.120 is updated for the same reason §11.049, item C was updated. There is no budget impact.

The fiscal impact was measured by estimating the aggregate annual difference in the facilities' rates. The fiscal impact estimates are as follows:

	(in thousands)	
	<u>SFY 2003</u> (11 months)	<u>SFY 2004</u> (12 months)
Estimate State share cost/(savings)	\$5,668	\$4,519
State share percentages	50.00%	50.00%
Total estimated MA cost/(savings) (State share estimate divided by State share %)	\$11,336	\$9,038
Federal share percentages	50.00%	50.00%
Estimated federal share on SFY basis	\$ 5,668	\$ 4,519

The figures were estimated based on the State's fiscal year which begins July 1, 2002. The July 1 date coincides with the beginning of the nursing facility's rate year. The effective date of these changes is July 1, 2002.

The State's payment for nursing home services lags the provision of services by one month. The federal budget impact is then determined by converting the estimated federal share for the State's fiscal year to the Federal Fiscal Year beginning October 1, 2002, by dividing by the number of months payments are made in the State's fiscal year, and multiplying the result by the number of months those payments will be made in the Federal Fiscal Year.

	<u>FFY 2002</u>	<u>FFY 2003</u>
Estimated federal share of FFY basis	\$1,031	\$5,906

These amounts represent the estimated changes from approved TN 02-08's payment method.

23. REMARKS: